

# Innovation Exchange

## April 2021

**OMB Updates: 2 CFR Revisions and M-21-20**



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*Office of Management and Budget*

## Speaker Introductions

**Rhea Hubbard** is a Senior Policy Analyst with the Office of Management and Budget (OMB), Office of Federal Financial Management (OFFM). She contributes to government-wide initiatives to improve Federal financial assistance policies, processes, and systems. In this role, she engages with relevant Government and non-Federal stakeholders on key issues to foster more efficient and effective Federal management. She is currently the OMB staff lead for the Results-Oriented Accountability Cross-Agency Priority Goal under the President's Management Agenda. She started her decade long Federal career in grants management operations and later transitioned into policy. She is passionate about solving long-standing grants management challenges to ensure successful results for the American taxpayer while finding opportunities to alleviate recipient burden. Rhea has a Master of Public Policy Degree from American University and a Bachelor in Arts Degree in Psychology from the University of Missouri – Columbia.



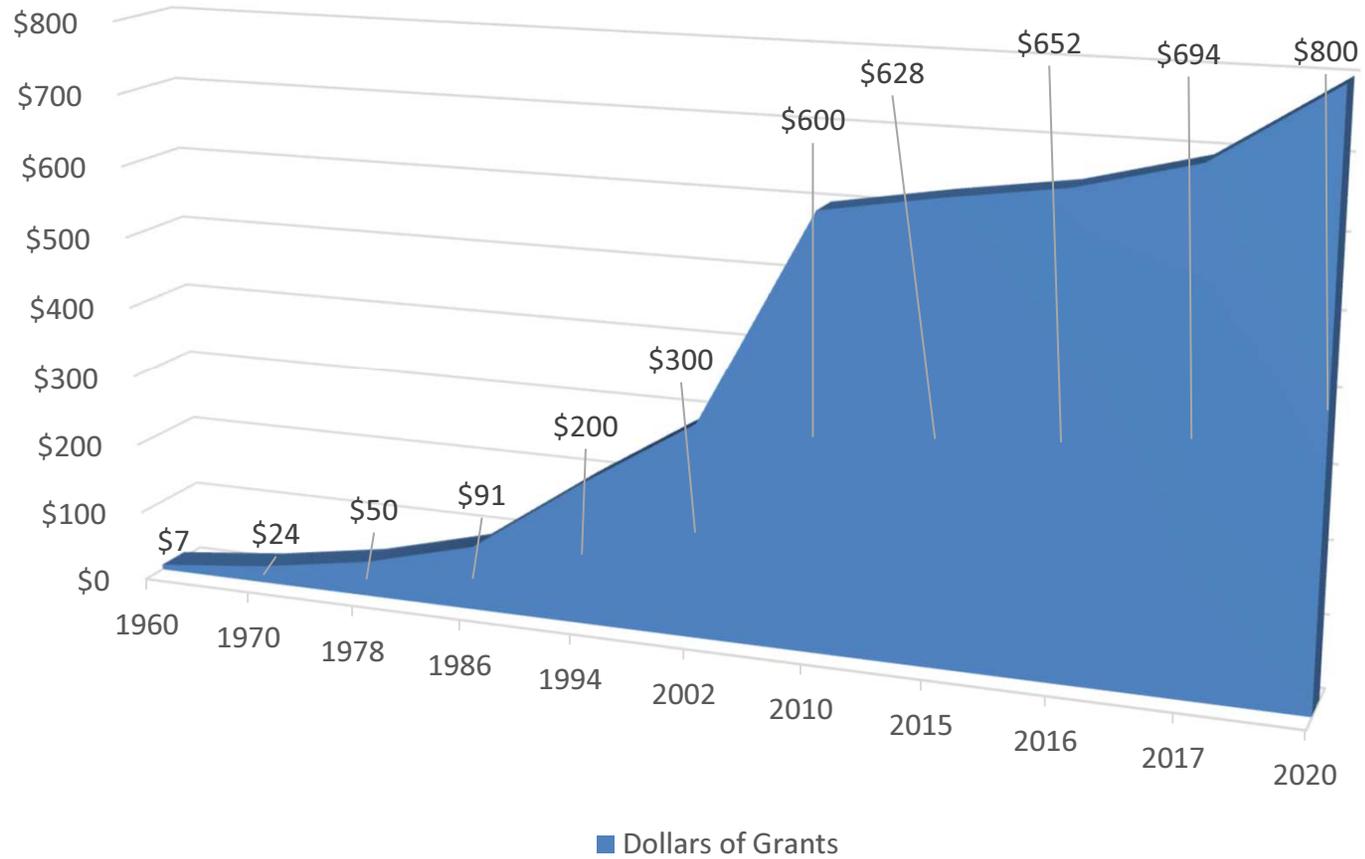
**Gil Tran** is a Senior Policy Analyst with the Office of Management and Budget (OMB), Office of Federal Financial Management (OFFM). His main responsibilities are to develop and analyze policies and standards for cost principles and audit requirements for federal programs, including the Uniform Guidance at 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards, for which he serves as the point of contact for all Federal agencies on its implementation and interpretation. He also serves a liaison to the audit communities, including GAO and the IG Offices for the implementation of the Single Audit Act. He joined OFFM in February 1995. Gil received a Bachelor of Science degree in Accounting from George Mason University, Virginia. He is a Certified Public Accountant. He chaired the Diversity Committee for the U.S. Tennis Association (Mid-Atlantic Section).

**Alyssa Cogen** is a Pathways Graduate Student Trainee with the Office of Management and Budget (OMB), Office of Federal Financial Management. She is currently pursuing a Masters of Public Administration, with a concentration in Non-Profit Management, at the George Washington University Trachtenberg School of Public Policy and Public Affairs. Alyssa has a degree in Human Ecology from College of the Atlantic, in Bar Harbor, ME. Before joining OFFM, Alyssa worked in the non-profit and philanthropy sectors. She has experience with grant writing and private foundation management.



# Grants Overview

## Grant Growth (Dollars in Billions)



# Revisions to 2 CFR – Uniform Guidance

- **Scopes of the revision:**
  1. Supporting of implementation of the President’s Management Agenda and administration priorities
  2. Meeting statutory requirements and to align with other authoritative source requirements
  3. Clarifying existing requirements
- **Effective Dates**
  - 200.216, 200.340, 200.471 – August 13, 2020
  - Other Sections – November 12, 2020



The Uniform Guidance  
– It’s Here!



# Major Revisions to 2 CFR

## Support the President's Management Agenda Results-Oriented Accountability for Grants CAP Goal and other Administration priorities

Some revisions include (see preamble for more details):

- **Emphasizing stewardship and results-oriented accountability for grant program results** (§§ 200.102(d), 200.202, 200.205, 200.207, 200.211(a), 200.211(c)(1)(iv), 200.211(c)(1)(v), 200.211(c)(2), §200.301, 200.339(a)(2), Appendix I (A) & (B))
- Standardizing terminology to implement standard data elements (§§ 200.1, 200.207, 200.301, 200.328(c)(2))
- Making indirect cost rates transparent (§ 200.414(h))
- Strengthening merit review requirements for discretionary grants (§ 200.205)
- Eliminating references to agency non-authoritative guidance (§ 200.105)
- **Clarifying the termination provisions** (§ 200.340)



# Grant Performance Management

## What do we mean by Performance Management?

- “The use of goals, measurement, evaluation, analysis and data-driven reviews to improve the effectiveness and efficiency of agency operations”

## Why does this matter to me?

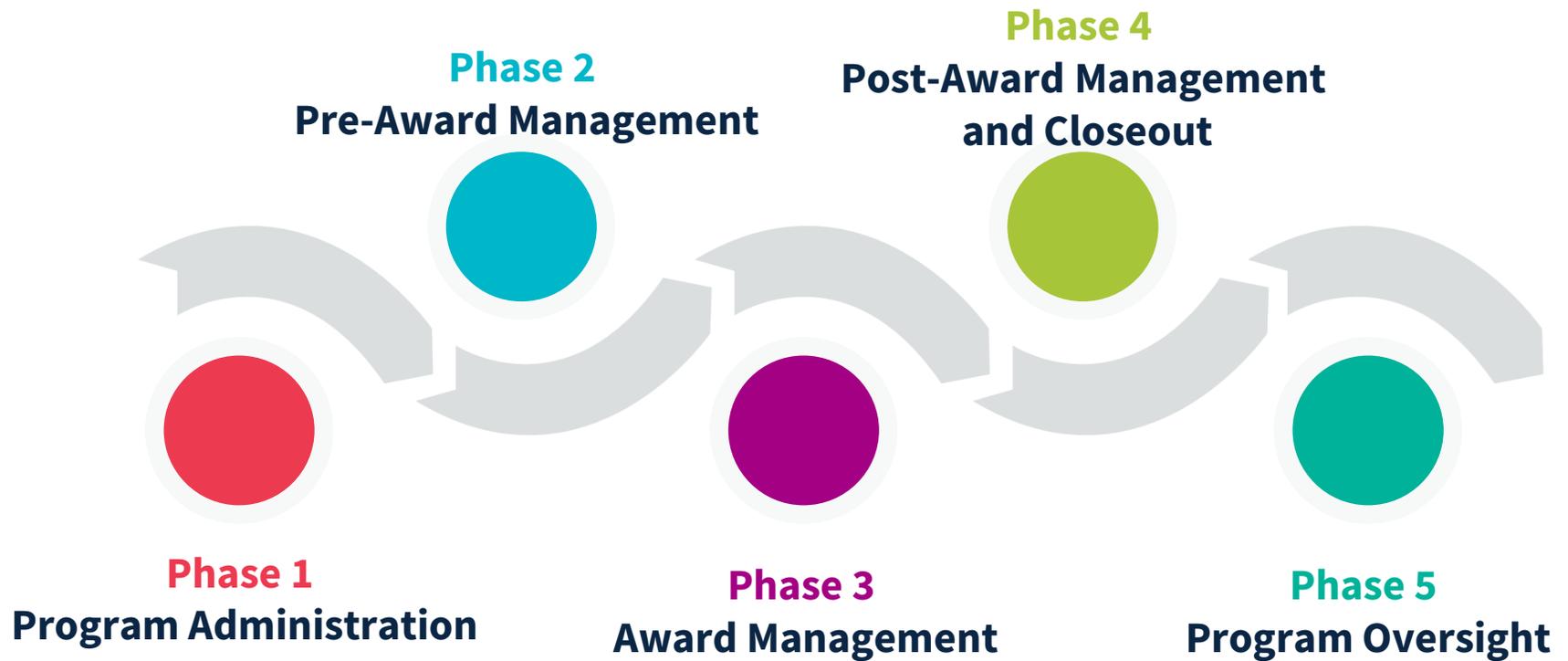
- Recent revisions to Title 2 of the Code of Federal Regulations

## How can I improve program and project performance management to focus on results?

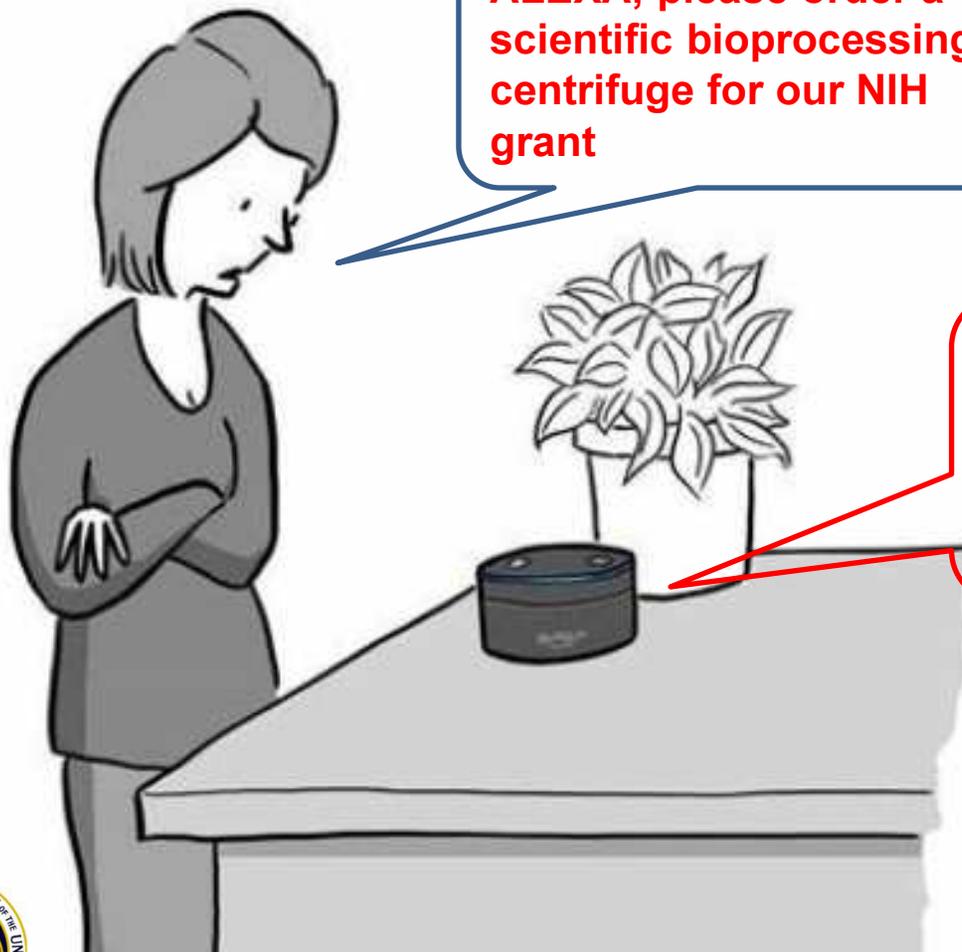
- *Reference: Managing for Results: The Performance Management Playbook for Federal Awarding Agencies*



# Federal Grants Lifecycle - Performance



# Procurement “Claw” (Section 200.320)



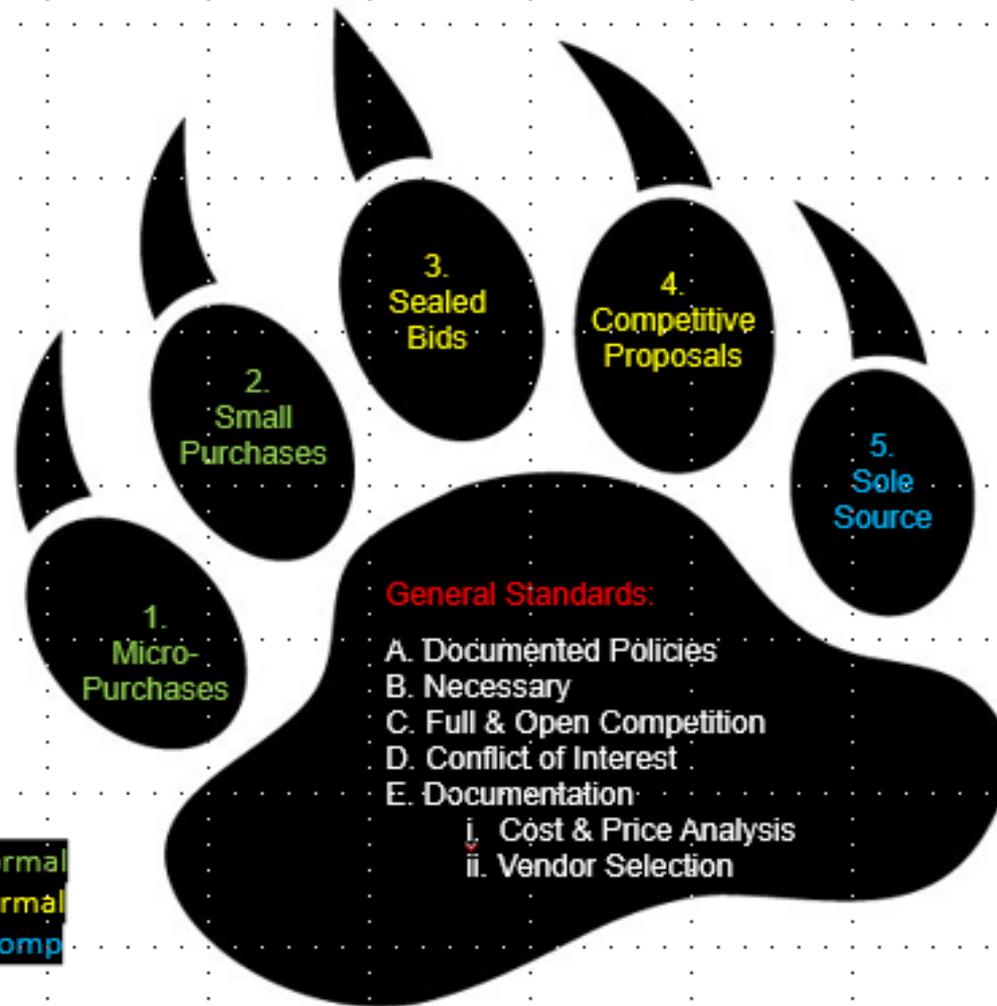
**ALEXA, please order a scientific bioprocessing centrifuge for our NIH grant**

**Sure! The average price of a bioprocessing centrifuge is \$20,000 so I will need at least two quotes. See Tran’s Bear Claw!**



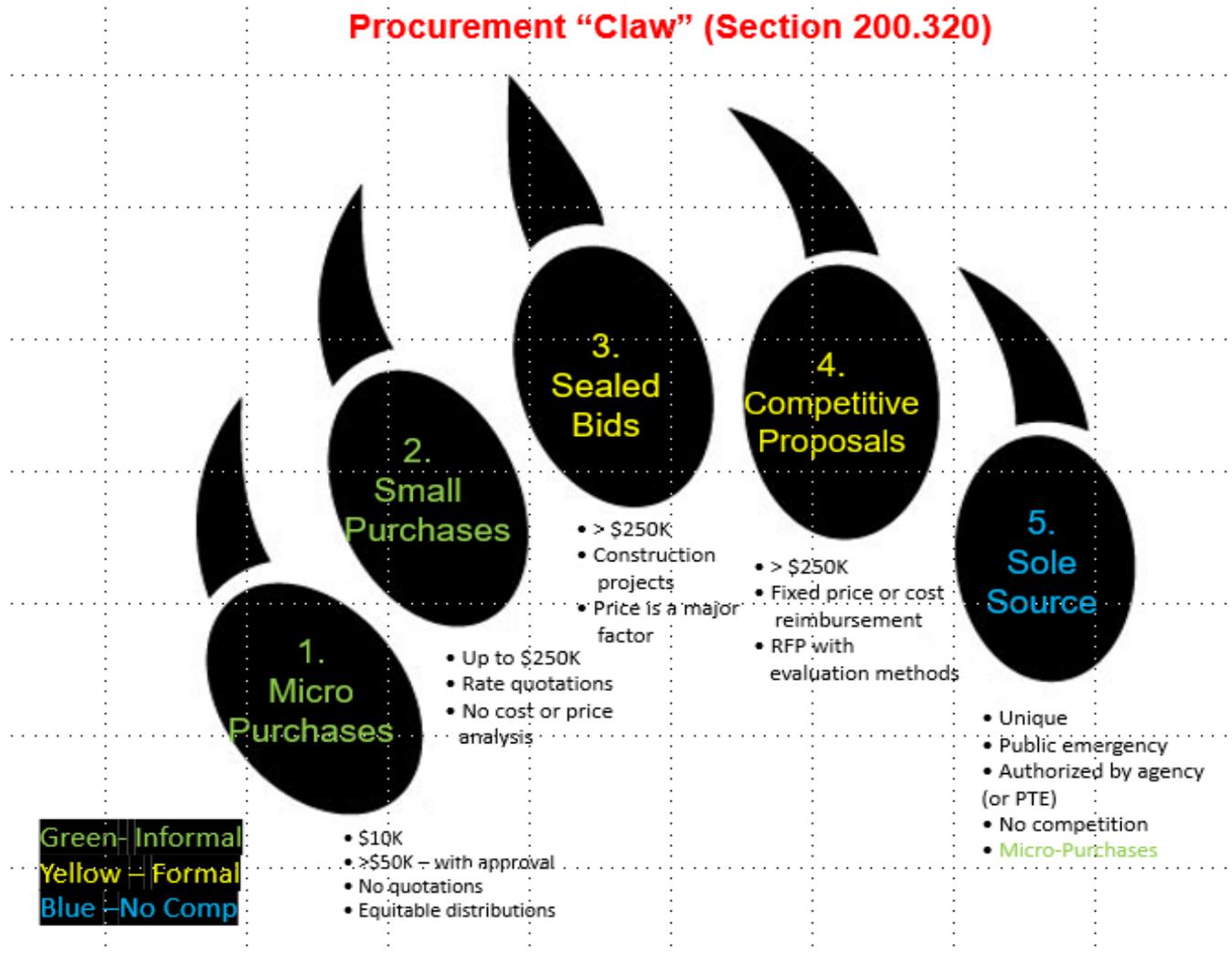
# Major Revisions to 2 CFR

## Procurement “Claw” (Sections 200.317-326)



# Major Revisions to 2 CFR

## Procurement “Claw” (Section 200.320)



# Major Revisions to 2 CFR

## Meet statutory requirements and align with other authoritative sources

Some revisions include (see preamble for more details) aligning with:

- The Federal Acquisition Regulation (FAR) and the 2017 and 2018 National Defense Authorization Acts (NDAA) to raise the micro-purchase threshold from \$3,500 to \$10,000 and the simplified acquisition threshold from \$100,000 to \$250,000 (*§§ 200.319, 200.320*)
- The 2019 NDAA section 889, Prohibition on certain telecommunications and video surveillance services or equipment (*§ 200.216*)
- The General Accepted Accounting Principles (GAAP), specifically the Government Accounting Statements Board (GASB) statement 68 and 45, related to pension costs and depreciation (*§ 200.431*)



## Revisions to 2 CFR



USA Today 10/25/19 – Case of Extreme Subcontracting

# Major Revisions to 2 CFR

## Clarifying existing requirements

Some revisions include (see preamble for more details):

- Codifying some frequently asked questions related to the prior release to 2 CFR (§§ 200.101, 200.332, 200.414)
- Clarifying the responsibilities of the pass-through entity to address only a subrecipient's audit findings related to their specific subaward (§ 200.332)
- Clarifying the documentation requirement for using the de minimis indirect cost rate (§ 200.414)

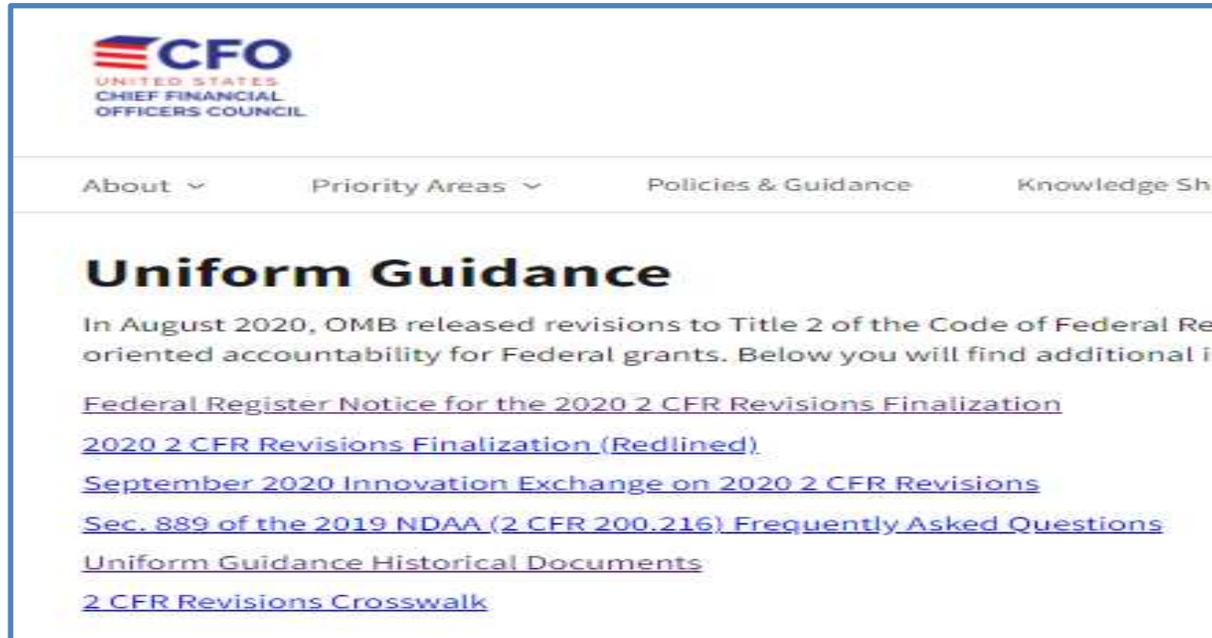


# Major Revisions to 2 CFR

- Frequently Asked Questions
- Additional Information on the 2 CFR Revisions

<https://www.cfo.gov/financial-assistance/resources/uniform-guidance.html>

<https://www.cfo.gov/grants-training/>



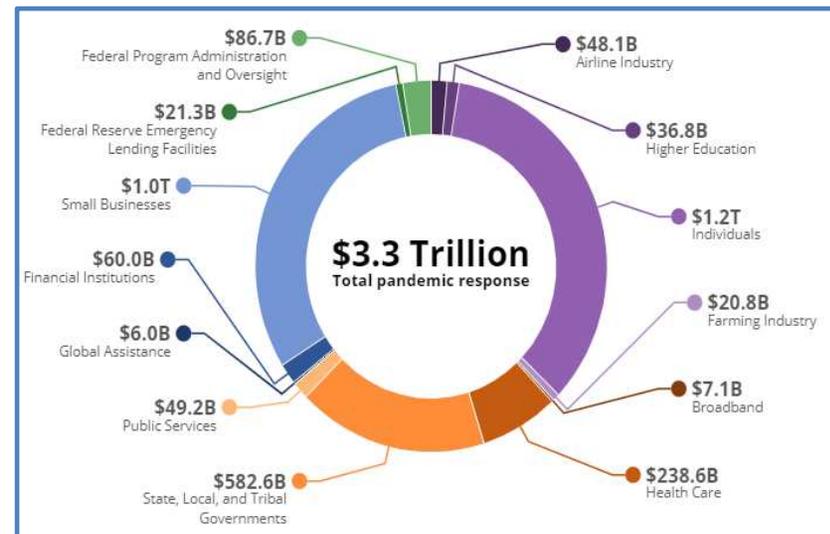
The screenshot shows the CFO website's "Uniform Guidance" page. At the top left is the CFO logo: "CFO UNITED STATES CHIEF FINANCIAL OFFICERS COUNCIL". Below the logo is a navigation menu with "About", "Priority Areas", "Policies & Guidance", and "Knowledge Sha". The main heading is "Uniform Guidance". Below this, the text reads: "In August 2020, OMB released revisions to Title 2 of the Code of Federal Reg oriented accountability for Federal grants. Below you will find additional in". A list of links follows: "[Federal Register Notice for the 2020 2 CFR Revisions Finalization](#)", "[2020 2 CFR Revisions Finalization \(Redlined\)](#)", "[September 2020 Innovation Exchange on 2020 2 CFR Revisions](#)", "[Sec. 889 of the 2019 NDAA \(2 CFR 200.216\) Frequently Asked Questions](#)", "[Uniform Guidance Historical Documents](#)", and "[2 CFR Revisions Crosswalk](#)".



# American Rescue Plan Act of 2021 (ARPA)

- 6<sup>th</sup> COVID Relief Act – P.L.117-2 (P.L. 116-123, 116-127,116-136, 116-139, 116-260)
- \$1.9 Trillion Dollars
  - Assistance to Individuals - \$400 Billion
  - State and Local Support - \$362 Billion
  - Unemployment Insurance - \$246 Billion
  - Health and Vaccines – \$228 Billion
  - Child Care, Head Start - \$194 Billion
  - Other Provisions (Schools) -\$ 173 Billion
  - Tax Credits for Organizations - \$143
  - Civic and Community Infrastructure - \$85 Billion
  - Small Business Administration Programs - \$84 Billion

<https://www.pandemicoversight.gov/>



# American Rescue Plan Act of 2021 (ARPA)

State, Local, and Tribal Government Support – \$362 billion

**Assistance to State Governments and District of Columbia – \$195.3 billion**

**Assistance to Local Governments – \$130.2 billion**

**Assistance to Tribal Governments – \$20 billion**

**Assistance to Territorial Governments – \$4.5 billion**

**Coronavirus Capital Projects Fund – \$10 billion** (A minimum of \$100 million will go to each state, Puerto Rico, and the District of Columbia)

**Local Assistance and Tribal Consistency Fund – \$2 billion** to counties and tribal governments that face a negative revenue impact due to a federal program or changes to a federal program.

**Pandemic Premium Pay** –up to \$13 per hour extra may be paid to workers “needed to maintain continuity of operations of essential critical infrastructure sectors and additional sectors” as designated by a governor or tribal government.



# American Rescue Plan Act of 2021 (ARPA)

## Some Unusual Assistance Programs

- Restaurants – \$28.6 billion
- Rental Assistance – \$22.0 billion
- School Re-Openings - \$125 Billion
- Minority Farmers - \$5 Billion
- Music Venues, Event Venues, Cinema Theaters- \$1.25 Billion
- Libraries, Museums - \$470 Million
- Airports, Airlines - \$30 Billion

## OMB M-21-20 - March 19, 2021

- Equity-Oriented Results for Financial Assistance
- Subrecipient reporting requirements apply
- Appendix 2
  - 2 CFR applies to ALL recipients
  - Higher Risk program designation
- Appendix 3 –12 Flexibilities
  - Single Audit submission extension – 6 Months



*“We have to prove to the American people that their government can deliver for them, and **do it without waste or fraud**;*

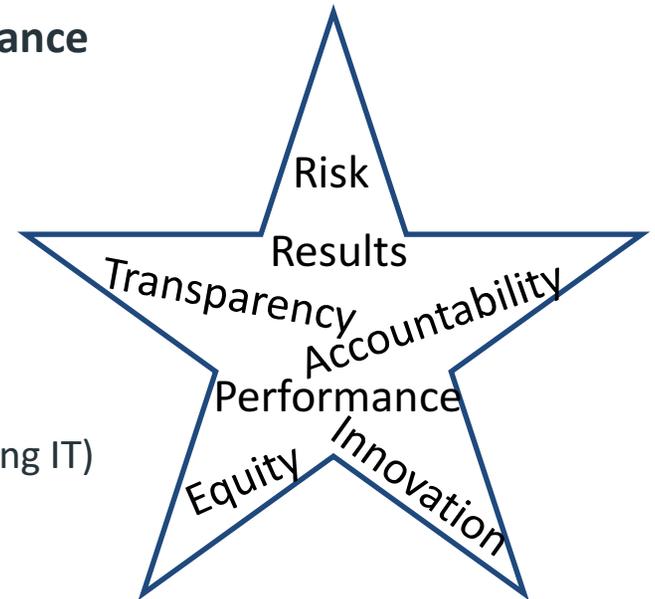
*We're going to have to **stay on top of every dollar spent** through the American Rescue Plan.”*

*President Biden, March 15, 2021*

# M-21-20 Equity-Oriented Results Appendix 2

## Achieving More Equity-Oriented Results for Financial Assistance

1. Program Planning and Design
2. Public Availability of Notice of Funding Opportunities (NOFOs)
3. *Performance Reporting*
4. Risk Management
5. Case-by-Case Exceptions
6. *Innovative Funding Approaches*
7. Procurement of Common or Shared Goods and Services (Including IT)
8. *Financial Assistance Awards for For-Profit Organizations*
9. Other Types of Federal Financial Assistance
10. Use of Single Audit to Drive Accountability and Transparency



For more resources, agencies may leverage *Managing for Results: The Performance Management Playbook for Federal Awarding Agencies* and other items at <https://www.cfo.gov/financial-assistance>

**ARP Implementation Questions:** [ARP.implementation@omb.eop.gov](mailto:ARP.implementation@omb.eop.gov)



# M-21-20 Flexibilities – Appendix 3

## The Twelve Flexibilities – Reduce Burden

1. SAM Registration
2. NOFO Publication
3. Pre-award Costs
4. No-Cost Extension
5. Abbreviated Non-Competitive Continuation
6. Prior Approval Requirements
7. Procurement Standards
8. Extension of Financial and Other Reporting
9. Single Audit Extension
10. Application Deadlines
11. Closeout Extension
12. Physical Inventories

## M-21-20 Versus M-20-17

- Salaries and Other Project costs
- Canceled Events, Travel costs
- IDC Rate Extension
- + Single Audit Extension
- + Physical Inventories



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

March 19, 2021

M-21-20

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Robert Fairweather *Robert Fairweather*  
Acting Director

SUBJECT: Promoting Public Trust in the Federal Government through Effective  
Implementation of the American Rescue Plan Act and Stewardship of the  
Taxpayer Resources



# OMB Guidance and Resource Highlights



## Presidential Directives:

- EO - *Advancing Racial Equity and Support for Underserved Communities through the Federal Government* – January 20, 2021
- EO - *Restoring Trust in Government through Scientific Integrity and Evidence-Based Policymaking* – January 27, 2021

## Recent Guidance Highlights:

- 2 CFR 200 (Revised August 12, 2020)
- M-21-20: *Promoting Public Trust in the Federal Government through Effective Implementation of the American Rescue Plan Act and Stewardship of the Taxpayer Resources* – March 19, 2021

## Resources:

- *Managing for Results: The Performance Management Playbook for Federal Awarding Agencies*



# Contact OMB with Questions

We are here to help!

Email us your questions:

[GrantsTeam@omb.eop.gov](mailto:GrantsTeam@omb.eop.gov)

